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10/659,694	09/10/2003	**Bob Glickman**	F-8178	7523

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EXAMINER	
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No.	Applicant(s)	
	10/659,694	GLICKMAN, BOB	
	Examiner	Art Unit	
	CHIA-YI LIU	3692	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *14 December 2007*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-15* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-15* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ .
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____.

DETAILED ACTION

Claims 1-15 are presented for examination. Applicant filed a response on 12/14/2007 amending claims 5-7, 10-12 and adding new claim 15. Upon careful consideration of Applicant's amendment and arguments, the rejection of claims 1-4, 8-9 are maintained, and new grounds of rejection of claims 5-7, 10-15 necessitated by Applicant's amendment are established in the instant office action as set forth in detail below.

Claim Objections

Claim 1 is objected to because of the following informalities: The preamble is not consistent with the body. Claim 1 claims "a method of defining an exchange-traded fund" in the preamble. However, the body teaches about constructing an exchanged-traded fund with selected securities. Appropriate correction is required.

Claims 3, 4, 7, 13, and 14 are objected to under 37 CFR 1.75(c), as being of improper dependent form for failing to further limit the subject matter of a previous claim. Applicant is required to cancel the claim(s), or amend the claim(s) to place the claim(s) in proper dependent form, or rewrite the claim(s) in independent form.

One can infringe on claims 3 and 14 (i.e., the computer program product) without necessarily infringing the method of independent claims 1 and 10, respectively. Claims 4 and 13 have similar problems and they also attempt to claim system claims without

any system elements. Claim 7 may also be infringed without necessarily infringing independent claim 5.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

> (e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claim 1-4 are rejected under 35 U.S.C. 102(e) as being anticipated by Mastman et al. (US 2002/0133447)

As Per Claim 1

Mastman discloses:

> searching for publicly traded securities (stocks) and a history of dividend yields associated with the respective securities, see paragraph 0010, lines 3-5, and paragraph 0004, lines 4-12 (parameter #13)
>
> sorting (Database spreadsheet can perform sorting) the securities (stocks) relative to an amount of the associated dividend yields, and rating the securities based on the associated dividend yields, see paragraph 0004, lines 4-12 (parameter #13) and paragraph 0005, lines 5-10.
>
> placing a plurality of the securities (stocks) into the exchange-traded fund, see paragraph 0005, lines 11-14. (ETF is a portfolio of stock. According to applicant's definition in the description of related art, paragraph 0005, lines 3-6,

an exchange-traded-fund is a "collection of securities that may be traded on an exchange.")

weighting the individual securities within the exchange-traded fund in accordance with the associated dividend yields, paragraph 0010, lines 12-14 and paragraph 0004, lines 4-12 (parameter #13)

offering for sale shares in the exchange-traded fund. According to applicant's definition in the description of related art, paragraph 0005, lines 3-6, an exchange-traded-fund is a "collection of securities that may be traded on an exchange.")

As Per Claim 2

Mastman further discloses searching for a price-earnings ratio associated with the respective securities (stocks), and weighting the respective securities in the exchange-traded fund with the price- earnings ratio and the amount of the associated dividend yields, , see paragraph 0010, lines 3-5, and paragraph 0004, lines 4-12 (parameter #5, #13)

As per Claim 3

Mastman further discloses a computer-readable medium having computer-executable instructions for performing the method, see paragraph 0004, lines 1-4.

As per Claim 4

Mastman further discloses a computer programmed to perform the method, see paragraph 0004, lines 1-4.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claim 5 is rejected under 35 U.S.C. 103 (a) as being unpatentable over Narayan et al. (US 2002/0026399 A1) in view of Mastman (US 2002/0133447 A1) and further in view of Herz et al. (5,758,257).

As Per Claim 5

Narayan ('399) discloses

a client system for prompting the customer (user) to either select a predefined query specifying search parameters or to input the search parameters (enter specifications to the choice of security that should be searched for), see paragraph 0046, lines 6-8.

a server system (server computer) programmed to search, via the Internet (paragraph 0045 and paragraph) for securities (commodities) satisfying the search parameters (specified parameter) and to transmit a search result identifying the securities satisfying the search parameters to said client system (potential buyer/ Fig 1 user interface), see paragraph 0013, lines 5-10.

a purchase processing system (Order execution module, see Fig 4, 162), connected to said server system and adapted to receive a purchase order from the customer (potential buyer) via said client system (User Interface: Fig 1, 110), for at least some of the securities satisfying the search parameters and to fill the purchase order, see paragraph 0058, lines 4-8.

Narayan ('399) teaches the search parameters includes a yield (paragraph 0016, lines 6-7) but fails to expressively disclose the search parameters include a dividend yield. Mastman ('447) teaches the search parameters include a dividend yield (#13 dividend), see paragraph 0004, lines 4 and 12. Both Narayan

and Mastman are directed toward securities trading system. Therefore, the Examiner asserts that it would have been obvious for one of ordinary skill in the art at the time the invention was made to modify Narayan's invention to include the search parameters include a dividend yield. One would be motivated to do so, for the benefit allowing potential buyers to specifically search for stocks that paid high portion of its company's profit to shareholders, thereby giving buyers more flexibilities in buying the securities that fit their needs.

Narayan ('399) fails to explicitly disclose a database containing customer information with identification and preferences related to the customer. Herz ('257) teachers a database containing customer information with identification (customer profile) and preferences related to the customer (customer's preferences), see column 67, lines 21-24. Both Narayan and Herz are directed toward selecting information over networks. Therefore, the Examiner asserts that it would have been obvious for one of ordinary skill in the art at the time the invention was made to modify Narayan's invention to include a database containing customer information with identification and preferences related to the customer. One would be motivated to do so, for the benefit of maintaining customer information so that it can easily be accessed, managed and updated.

Claim 6 is rejected under 35 U.S.C. 103 (a) as being unpatentable over Narayan et al. (US 2002/0026399 A1) in view of Mastman (US 2002/0133447 A1) and Herz et al. (5,758,257) as applied to Claim 5 above, and further in view of O'Shaughnessy (5,978,778) and Official Notice.

As per Claim 6

Narayan ('399) fails to expressively disclose said client system is configured to display to the customer a percentage dividend yield. Official Notice is taken that it is old and well known in the art to display information to a customer. (For example, computers with internet access are capable of displaying information to its user) Therefore, the Examiner asserts that it would have been obvious for one of ordinary skill in the art at the time the invention was made to modify Narayan's invention to include said client system is configured to display to the customer a percentage dividend yield. One of ordinary skill in the art would be motivated to do so, for the benefit of allowing potential buyers to specifically search for stocks that paid high portion of its company's profit to shareholders, thereby giving buyers more flexibilities in buying the securities that fit their needs.

Narayan ('399) fails to expressively disclose the percentage dividend yield is defined by a percentage ratio of past dividend distribution over a given period of time relative to the price of the security. O'Shaughnessy ('778) teaches the percentage dividend yield is defined by a percentage ratio of past dividend

distribution over a given period of time (annual dividend rate) relative to the price of the security (price of the stock), see column 5, lines 10-14.

Claim 7 is rejected under 35 U.S.C. 103 (a) as being unpatentable over Narayan et al. (US 2002/0026399 A1) in view of Mastman (US 2002/0133447 A1) and Herz et al. (5,758,257) as applied to Claim 5 above, and further in view of Millard et al. (US 2002/0007335 A1)

As per Claim 7

Narayan ('399) does not specifically disclose a computer-readable medium for implementing the virtual securities broker. Millard ('335) discloses a negotiation and settlement of securities transaction over electronic network. (The system website act as the virtual securities broker), see paragraph 0034 and Fig. 1. Both Narayan and Millard are directed toward securities transactions.

Therefore, the Examiner asserts that it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify Narayan's ('399) invention to include a computer-readable medium for implementing the virtual securities broker, for the benefit of facilitating security purchases.

Claims 8-9 are rejected under 35 U.S.C. 103 (a) as being unpatentable over Herz et al. (5,758,257) in view of Mastman (US 2002/0133447)

As per Claim 8

Herz ('257) discloses:

upon receiving an initiation request from a customer, checking a database containing customer information with identification and preferences related to the customer, see column 51, lines 8-12 and column 67, lines 21-24.

prompting the customer to select a predefined set of dividend-yielding securities (stocks) or to input parameters for a new search defining a new set of dividend-yielding securities, see column 51, lines 13-18.

searching for securities matching the parameters associated with the set of dividend-yielding securities, see column 51, lines 13-18.

placing a plurality of the securities into the exchange- traded fund and offering for sale shares, see applicant's own admitted disclosure: Background of the Invention, paragraph 0005. (ETF security shares could be traded on an exchange. According to applicant's definition in the description of related art,

paragraph 0005, lines 3-6, an exchange-traded-fund is a "collection of securities that may be traded on an exchange.")

Herz ('257) does not specifically disclose weighting securities in accordance with the associated dividend yields, and rating the securities. Mastman ('447) discloses weighting securities (stock) in accordance with dividend and produce a rating for each security, see paragraph 0010, lines 12-16 and paragraph 0004, lines 4-12 (parameter #13)

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify Herz's ('257) invention to include weighting and rating securities in accordance with the associated dividend yields for the benefit of providing a better characterization of stocks.

As per Claim 9

Herz ('257) does not specifically disclose a price-earnings ratio associated with the respective securities. Mastman ('447) discloses price-earning ratios associated with the respective securities (stocks), see paragraph 0010, lines 3-5, and paragraph 0004, lines 4-12 (parameter #5)

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify Herz's ('257) invention to include price-earning ratio, for the benefit of allowing greater flexibility to refine searches.

Claims 10-14 are rejected under 35 U.S.C. 103 (a) as being unpatentable over Narayan et al. (US 2002/0026399 A1) in view of O'Shaughnessy (5,978,778), and further in view of Official Notice.

As per Claim 10

Narayan ('399) discloses

under control of the client system, prompting a user for input selecting from available securities (enter specifications to the choice of security that should be searched for), see paragraph 0046, lines 6-8.

under control of the server system (server computer), searching the network (paragraph 0045 and paragraph) for securities (commodities) matching the search parameters (specified parameter) and transmitting search results to the client system, (potential buyer/ Fig 1 user interface), see paragraph 0013, lines 5-10.

under control of the client system, displaying the search results (providing commodities having said specified parameter) to the user (potential buyer), see paragraph 0022, lines 15-17.

Narayan ('399) fails to explicitly disclose selecting securities with a history of dividend distribution and that the input specifying search parameters including a dividend yield. O'Shaughnessy ('778) teaches selecting securities with a history of dividend distribution (selecting stocks with highest dividend yields = selecting stocks with a history of dividend distribution) and that the input specifying search parameters (criteria) including a dividend yield, see column 15, lines 47-50. Both Narayan and O'Shaughnessy are directed toward selecting securities for investment. Therefore, the Examiner asserts that it would have been obvious for one of ordinary skill in the art at the time the invention was made to modify Narayan's invention to include selecting securities with a history of dividend distribution and that the input specifying search parameters including a dividend yield. One of ordinary skill in the art would be motivated to do so, for the benefit of allowing potential buyers to specifically search for stocks that paid high portion of its company's profit to shareholders, thereby giving buyers more flexibilities in buying the securities that fit their needs.

Narayan ('399) teaches placing a purchase order for a security or a collection of securities (commodities) satisfying the search parameters, see Claim 2 of Narayan, but fails to explicitly disclose prompting the user to further input for a new search. Official Notice is taken that it is old and well known in the art to input searches more than once. Therefore, the Examiner asserts that it would have been obvious for one of ordinary skill in the art at the time the invention was made to modify Narayan's invention to include prompting the user to further input for a new search. One would be motivated to do so, for the benefit of buying stocks using different parameters/criteria and comparing the result, whereby allowing the buyers to find out what makes the best return.

As per Claim 11

Narayan ('399) further discloses wherein the input selects either a predefined set of the search parameters (see paragraph 0059, lines 3-4) or is a newly entered set of the search parameters, see paragraph 0055, lines 5-9.

As per Claim 12

Narayan ('399) fails to explicitly disclose dividend yield is defined by a percentage ratio of past dividend distribution over a given period of time relative to a price of the security. O'Shaughnessy ('778) teaches dividend yield is

defined by a percentage ratio of past dividend distribution over a given period of time (annual dividend rate) relative to a price of the security (current price of stock), See column 5, lines 10-15. Both Narayan and O'Shaughnessy are directed toward method of selecting securities. Therefore, the Examiner asserts that it would have been obvious for one of ordinary skill in the art at the time of invention to modify Narayan's invention to include dividend yield is defined by a percentage ratio of past dividend distribution over a given period of time relative to a price of the security. One would be motivated to do so, for the benefit of making dividend yield a percentage, thereby allowing purchasers to more easily comparing the numbers.

As per Claim13

Narayan ('399) further discloses a computer system interconnected and programmed to perform the method, see Fig. 1.

As per Claim 14.

Narayan ('399) further discloses a computer-readable medium having computer-executable instructions for implementing the method according to claim 10, see Fig 4 and paragraph 0051, lines 1-4.

Claim 15 is rejected under 35 U.S.C. 103 (a) as being unpatentable over Mastman et al. (US 2002/0133447) in view of Official Notice.

As per Claim 15

Mastman ('447) teaches the step of rating the securities is performed by rating the securities on the associated dividend yields (#13, dividend), see paragraph 0004, lines 4 and 12, and paragraph 0005, lines 5-7, but fails to explicitly disclose the step of rating is "based solely" on the associated dividend yields. However, Mastman also teaches that "all or only some of the parameters may be selected for generating a Portfolio," see paragraph 021, lines 1-3. Therefore, the Examiner asserts that it would have been obvious for one of ordinary skill in the art at the time of invention to modify Mastman's invention to include the step of rating the securities is performed by rating the securities based solely on the associated dividend yields. One would be motivated to do so, for the benefit of simplifying the security-choosing-process and saving purchaser's time from having to input his/her own parameters.

Response to Arguments

Applicant's arguments filed 12/14/2207 have been fully considered but they are not persuasive.

Regarding claim 1, Applicant argues that Mastman does not teach "a method of forming or defining an exchange-traded-fund." In response to applicant's argument, the recitation "a method of forming or defining an exchange-traded-fund" has not been given patentable weight because the recitation occurs in the preamble. A preamble is generally not accorded any patentable weight where it merely recites the purpose of a process or the intended use of a structure, and where the body of the claim does not depend on the preamble for completeness but, instead, the process steps or structural limitations are able to stand alone. See *In re Hirao*, 535 F.2d 67, 190 USPQ 15 (CCPA 1976) and *Kropa v. Robie*, 187 F.2d 150, 152, 88 USPQ 478, 481 (CCPA 1951).

Applicant argues that Mastman does not teach or suggest placing and weighting securities in an exchange-traded fund, and offering for sale shares in the exchange-traded fund. The Examiner disagrees. According to applicant's definition in the description of related art, paragraph 0005, lines 3-6, an exchange-traded-fund is a "collection of securities that may be traded on an exchange." Mastman does teach placing and weighting "a collection of securities (a group of ten selected stocks) that may be traded on an exchange (purchased/sold = may be traded. It is understood that stocks may be traded on an exchange (i.e., stocks are always capable of being traded on an exchange). Furthermore, Mastman discloses offering for sale shares on an

exchange (sell stocks = offer for sale), see paragraph 0005, lines 5-7, 10-13. Also, the phrase "may be" implies that trading the collection of securities on an exchange is optional since "may be" does not require active implementation; it only refers to the available option, which is not required to be actively employed within the scope of the claimed invention. Applicant also argues that Mastman does not teach or suggest "weighting the individual securities within the exchange-traded fund in accordance with the associated dividend yield." The examiner disagrees. Mastman does teach weighting the individual securities (stocks) within the exchange-traded fund (stock portfolio = a collection of securities that can be traded on an exchange) in accordance with the associated dividend yield (dividend = paragraph 0004, line12), see paragraph 0004, lines 1-3, 12-16.

Applicant argues that applicant merely discloses that an ETF is a collection of securities that may be traded on an exchange, but has not admitted that any collection of securities could be placed in an ETF. Applicant also argues that exchange traded funds and mutual funds are vastly different investment vehicles and that at the time of his application, it was only known to base an ETF on a broad index or sector. However, none of the limitations, differences or advantages that applicant pointed out in his argument (page 9, lines 1-14 and page 12, lines 6-8) was in the claim. Furthermore, my prior art (Mastman '447) does not necessarily deal with mutual fund. In fact, Mastman purposely shows his invention intends to solve problem with investing in mutual fund

(Background of Invention, paragraph 0003, lines 8-12). Therefore applicant's arguments are found nonpersuasive.

Applicant further argues that "at the time of application, it was only known to base an ETF on a broad index or on a sector." However, applicant's invention itself is not basing ETF on a broad index or on a sector as well. In fact, Applicant's intent is to overcome the "currently available ETF or mutual funds" at the time of his invention (See Applicant's Background of invention, paragraph 0007, lines 1-2.) which is the same intention as Mastman's invention (See Mastman's paragraph 0003, lines 8-23). Applicant pointed out in his argument and specification that traditional exchange-traded-fund (ETF) are limited by the index they follow. Mastman was also trying to solve the same problem with his invention. Furthermore, Applicant's "exchange-traded-fund" is constructed in the same manner as Mastman's stock portfolio; both rate and create a portfolio of publicly traded securities based on the associated dividend. Therefore applicant's arguments are found nonpersuasive.

Applicant's arguments to claim 8 are similar to applicant's arguments to claim 1 and are found nonpersuasive for the same reasons listed for claim 1 above.

Conclusion

THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to CHIA-YI LIU whose telephone number is (571)270-1573. The examiner can normally be reached on Mon-Thur alternating Fri.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, KAMBIZ ABDI can be reached on (571) 272-6702. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

CHIA-YI LIU
Examiner
Art Unit 3692

/Susanna M. Diaz/
Primary Examiner, Art Unit 3692